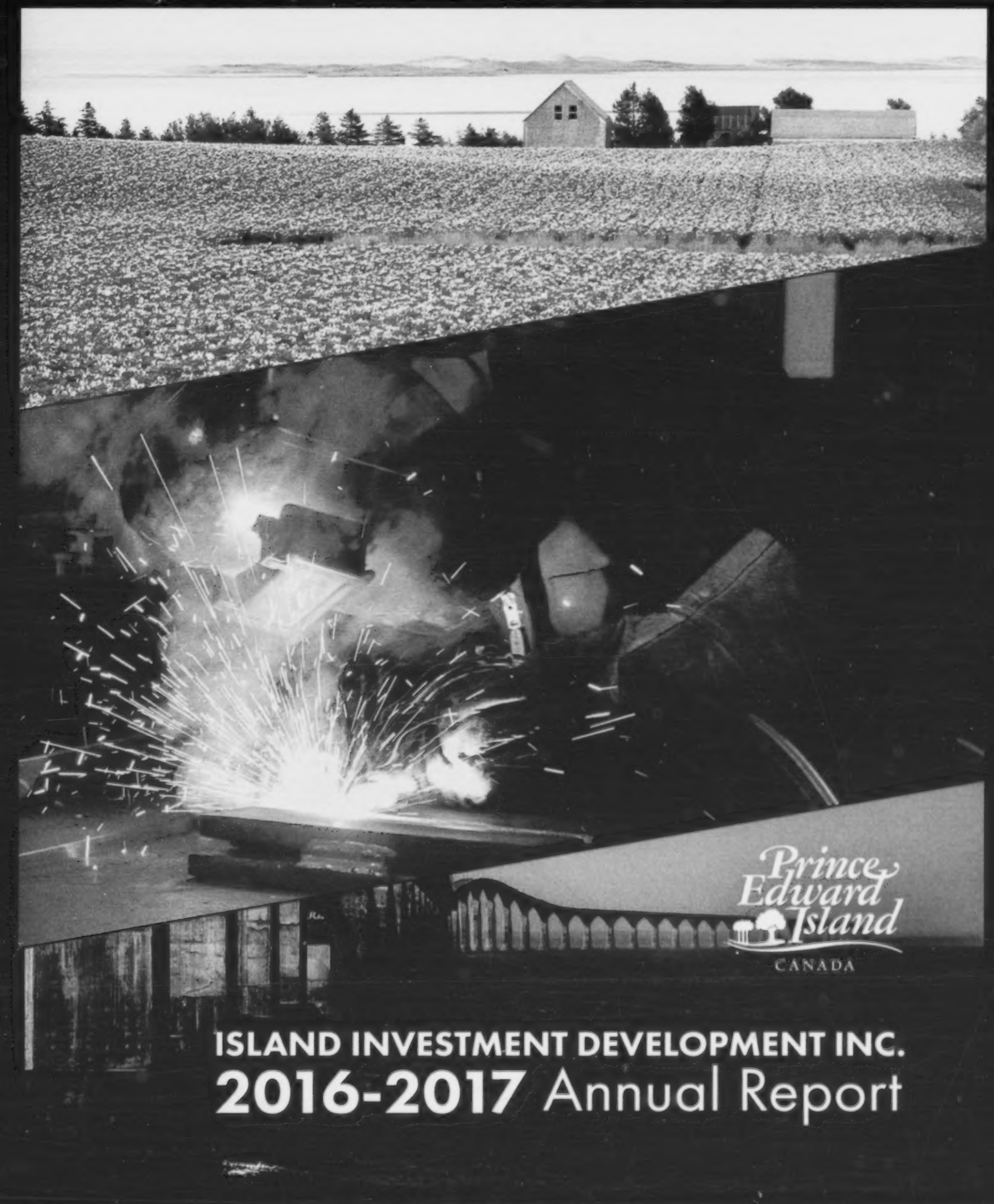


ISLAND INVESTMENT DEVELOPMENT INC.

2016-2017 Annual Report

Heath MacDonald was first elected to the provincial legislature on May 4, 2015 representing District 16 - Cornwall/Meadowbank. He was subsequently appointed Minister of Economic Development and Tourism on May 19, 2015.

95-105 Rochford Street
Charlottetown, PE
C1A 7N8
North
5th Floor
(902) 368-4230
hmacdonald@gov.pe.ca

Message from the Minister

September 21, 2017

The Honourable H. Frank Lewis
Lieutenant Governor of Prince Edward Island

May It Please Your Honour:

Pursuant to the Annual Reporting Framework of the Financial Administration Act governing Crown Corporations, I am pleased to present to you, the Annual Report of Island Investment Development Inc. for the fiscal year ending March 31, 2017.

Building the population continues to play a significant role in the economic development and expansion of cultural diversity within our province. As the Minister responsible for Island Investment Development Inc., I am pleased with the results the Agency has accomplished in the past year in the interests of growing the population and contributing to the enrichment of cultural diversity in Prince Edward Island.

Sincerely yours,

Hon. J. Heath MacDonald
Minister of Economic Development and Tourism

Message from the Executive Director

September 21, 2017

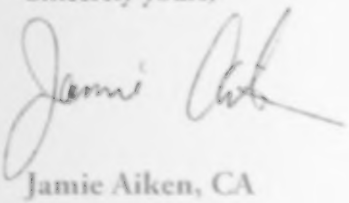
The Honourable J. Heath MacDonald
Minister of Economic Development and Tourism
Province of Prince Edward Island

Dear Minister:

I present to you the Annual Report for the fiscal year ending March 31, 2017.

This Annual Report is being presented pursuant to the *Island Investment Development Inc. Act*.

Sincerely yours,



Jamie Aiken, CA
Executive Director

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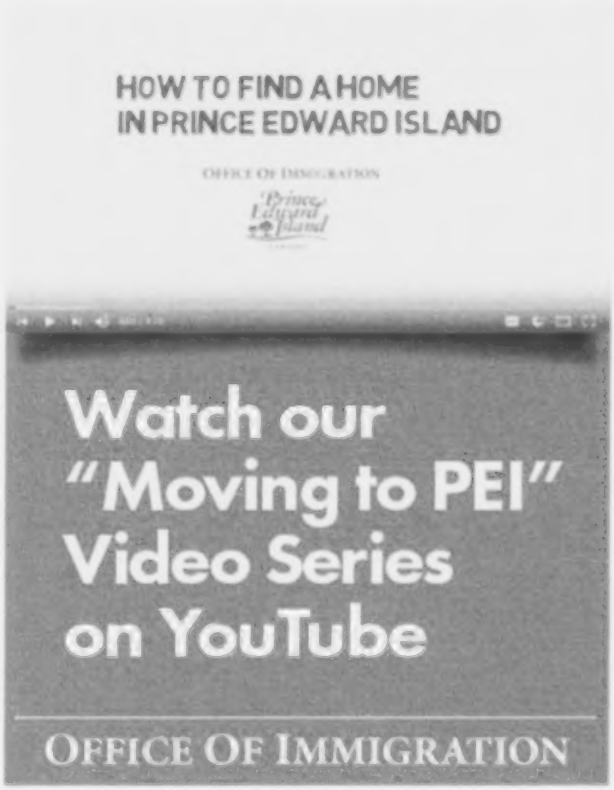
The Provincial Nominee Programs were established by Immigration, Refugees and Citizenship Canada (IRCC) beginning in the late 1990's to allow provinces and territories to nominate foreign nationals who met the requirements for economic immigration and were interested in settling in their province. Prince Edward Island signed the agreement in June 2008. One of the primary goals of the agreements is to support a shift in the destination of newcomers to benefit smaller provinces, such as Prince Edward Island.

The Prince Edward Island Provincial Nominee Program (PNP) is a selection program that nominates foreign nationals to the federal government for permanent residency. PEI selects individuals based on program criteria, including the ability to economically establish and the intent to live and work in the province. The federal government then reviews the applicants for admissibility factors and, if approved, the applicant and their family are granted permanent resident status.

Key highlights from the 2016-17 year include:

- **Increase in immigration landings with 2,315 arrivals to PEI;**
- **30% increase in overall nominations from 2015-16;**
- **Growth in labour categories with a focus on filling permanent skills gaps in the work force;**
- **Labour categories represented 63% of nominations in 2016-17;**
- **Launch of the Atlantic Immigration Pilot Program under the Atlantic Growth Strategy, an initiative to help Atlantic Canada develop, deploy and retain a skilled workforce by making Atlantic Canada a destination of choice for immigrants;**
- **Increase in funding to organizations that support the settlement and integration of newcomers.**


HOW TO FIND A HOME
IN PRINCE EDWARD ISLAND
OFFICE OF IMMIGRATION
Prince Edward Island
Watch our "Moving to PEI" Video Series on YouTube
OFFICE OF IMMIGRATION

Island Investment Development Inc. (IIDI) est une société de la Couronne qui fait partie du ministère du Développement économique et du Tourisme. Sous le nom du Bureau de l'immigration, IIDI est responsable de l'immigration provinciale conformément à l'*Accord de collaboration Canada–Île-du-Prince-Édouard sur l'immigration*, qui lui donne l'autorité d'administrer le Programme des candidats de l'Î.-P.-É.; et à l'*Accord Canada–Île-du-Prince-Édouard sur le Programme pilote d'immigration au Canada atlantique*, qui lui donne l'autorité d'administrer le programme pilote en question. La société est aussi chargée de la prestation du Fonds Century 2000 de l'Île-du-Prince-Édouard, conçu pour appuyer la croissance et les besoins du secteur privé et stimuler le développement économique.

Vers la fin des années 1990, Immigration, Réfugiés et Citoyenneté Canada (IRCC) a mis sur pied des programmes de candidats provinciaux pour permettre aux provinces et territoires de désigner des ressortissants étrangers qui satisfont aux exigences liées à l'immigration économique et qui s'intéressent à s'établir sur leur territoire. L'Île-du-Prince-Édouard a signé l'accord en cours en juin 2008. L'un des objectifs principaux des nouveaux accords était d'appuyer la réorientation des nouveaux arrivants vers les provinces plus petites, notamment l'Île-du-Prince-Édouard.

Le Programme des candidats de l'Île-du-Prince-Édouard est un programme de sélection qui propose des candidats pour la résidence permanente au gouvernement fédéral. La province choisit des candidats en fonction des critères du programme, y compris leur capacité à s'établir économiquement et leur intention de vivre et de travailler à l'Île-du-Prince-Édouard. Le gouvernement fédéral procède ensuite à un examen pour vérifier l'admissibilité des candidats proposés. Lorsqu'une candidature est approuvée, la personne et sa famille obtiennent la résidence permanente.

Voici quelques faits saillants pour 2016-2017 :

- **Les propositions ont augmenté de 30 % par rapport à 2015-2016.**
- **On constate une croissance dans les catégories de travailleurs visant à combler les lacunes relatives aux compétences de la main-d'œuvre. Ces candidatures représentaient 64 % des propositions en 2016-2017.**
- **Le Programme pilote d'immigration au Canada atlantique a été lancé dans le cadre de la Stratégie de croissance pour l'Atlantique. L'initiative vise à appuyer le développement, le déploiement et la rétention d'une main-d'œuvre qualifiée au Canada atlantique en faisant de la région une destination de choix pour les immigrants.**
- **Les organisations ciblant l'établissement et l'intégration des nouveaux arrivants, notamment le programme LIENS Î.-P.-É. et des programmes de formation linguistique, ont reçu un appui financier plus important.**

Overview

Island Investment Development Inc. (IIDI) is a crown corporation within the Department of Economic Development and Tourism. Operating as The Office of Immigration, IIDI is responsible for provincial immigration as outlined in the *Canada-Prince Edward Island Co-operation on Immigration agreement*, which gives the authority to administer the Provincial Nominee Program, and the *Canada-Prince Edward Island Agreement on the Atlantic Immigration Pilot Program*, which gives the authority to administer the Atlantic Immigration Pilot.

IIDI also administers the PEI Century 2000 Fund Inc. (PEICF), which was created to support the growth and needs of the private sector and stimulate economic development through strategic lending.

Legislative Responsibility

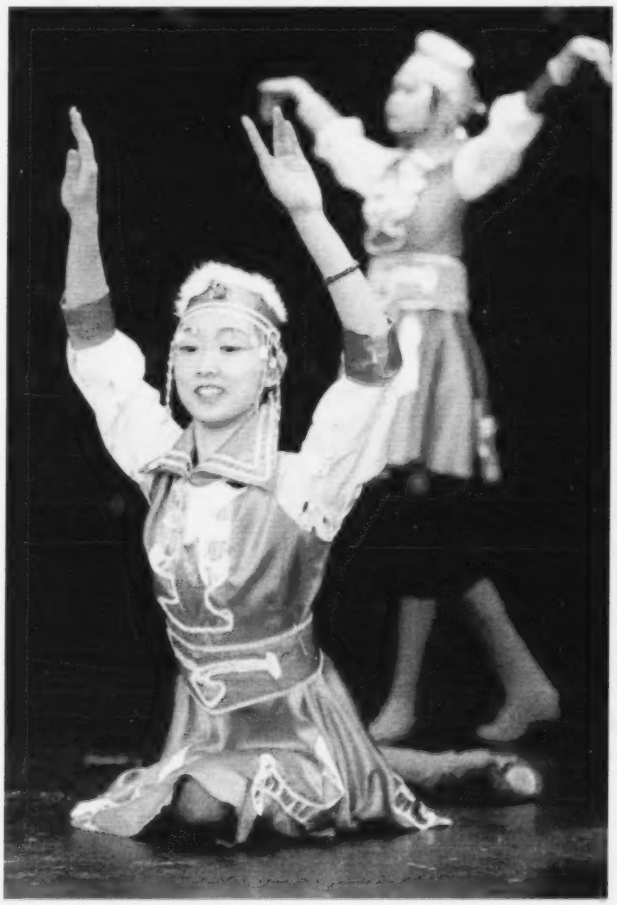
IIDI is responsible for administering the *Island Investment Development Act*. In administering this act IIDI's objectives are to raise capital in foreign and domestic markets; to provide investment opportunities in projects of significant economic benefit to the province; to promote the province as a destination for offshore investment; and to attract entrepreneurial expertise to the province.

Mission

IIDI's mission is to effectively and efficiently deliver adaptive programs and services that will facilitate economic growth through lending operations, the attraction, settlement, integration, and retention of newcomers while also working with the Department of Workforce and Advanced Learning to encourage population retention for all Islanders. IIDI endeavors to make PEI a destination of choice for newcomers by attracting applicants that are best suited to adapt and positively contribute to the province's unique economy and culture.

Vision

IIDI is responsible for immigration, settlement, retention, and works collaboratively with the Department of Workforce and Advanced Learning toward overall population growth in PEI. IIDI works closely with stakeholders to provide programs and services designed to help create economic growth opportunities and address labour market issues while facilitating successful attraction, settlement, integration and retention of newcomers to the Island. IIDI's programs and services also extend to Islanders, both within and outside of the province, and to Canadians looking for opportunities in PEI.



Provincial Immigration Priorities

In the 2016 Speech from the Throne, the province highlighted a commitment to grow the population and workforce, with a population target of 150,000 by the end of 2017. In addition, the province announced that a long term strategy to repatriate, recruit and retain a skilled and talented workforce would be launched in 2017.

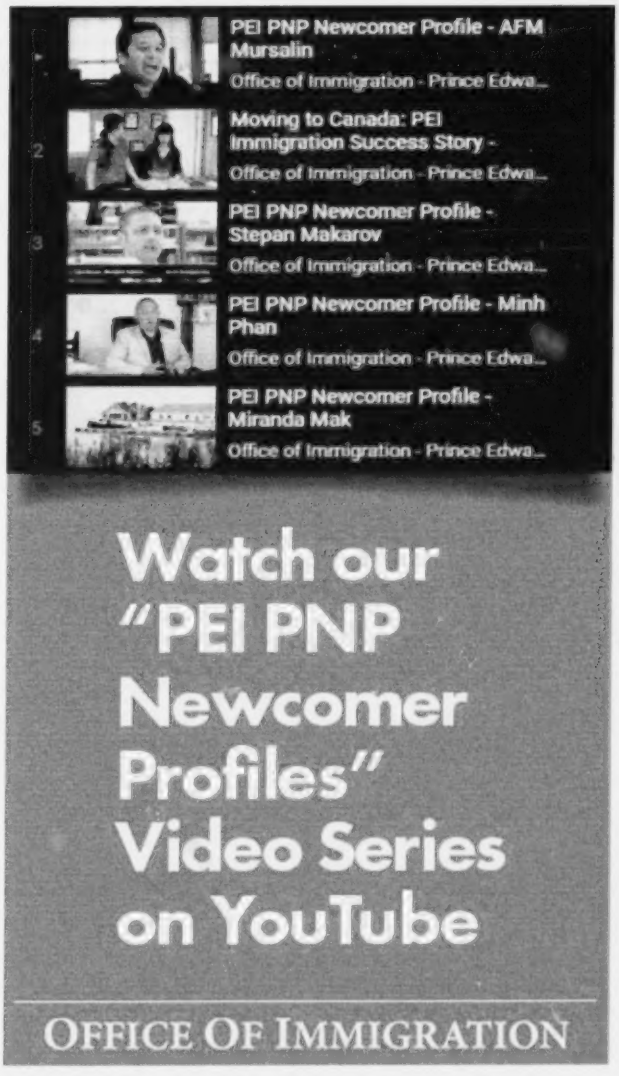
In December of 2016, a framework for growth "The Mighty Island" was released noting seven key priorities, including one for immigration and welcoming communities. The framework noted a priority to refocus efforts to attract and retain greater numbers of immigrants in other communities across PEI.

The Office of Immigration continues to work on strategic initiatives to assist with the provincial goals and objectives identified within the framework for growth. The Office of Immigration has the responsibility to:

- **Administer the PEI PNP and select immigrants who fulfill a labour market need and who will make a contribution to PEI's economy;**
- **Support immigrant entrepreneurs in the establishment of their business.**
- **Develop, implement, and deliver immigration programming that encourages integration and retention;**
- **Foster relationships and support services for connecting employers with foreign national employees;**
- **Market all immigration pathways to PEI and promote PEI as an attractive immigration destination for working opportunities and community building;**
- **Provide coordination and funding to various stakeholders delivering services to newcomers;**
- **Stimulate economic development through lending to support the growth and needs of the private sector;**

Programs & Initiatives

PEI currently offers a suite of pathways to permanent residency for foreign nationals who intend to economically establish in PEI. These pathways continue to expand and currently include the Provincial Nominee Program, Express Entry, and the Atlantic Immigration Pilot Program. IIDI's program descriptions and services can be accessed through our website at www.immigratepei.ca


PEI PNP Newcomer Profile - AFM Mursalin
Office of Immigration - Prince Edwa...
Moving to Canada: PEI Immigration Success Story -
Office of Immigration - Prince Edwa...
PEI PNP Newcomer Profile - Stepan Makarov
Office of Immigration - Prince Edwa...
PEI PNP Newcomer Profile - Minh Phan
Office of Immigration - Prince Edwa...
PEI PNP Newcomer Profile - Miranda Mak
Office of Immigration - Prince Edwa...
Watch our "PEI PNP Newcomer Profiles" Video Series on YouTube
OFFICE OF IMMIGRATION

Provincial Nominee Program

Business Impact Category

The *Business Impact Category* provides a pathway to permanent residency to foreign nationals who are planning to own and operate a business on PEI. This category aims to attract applicants with sufficient financial resources who have either a history of business ownership or high-level management experience. This category helps the province stimulate economic development and grow into new market opportunities by attracting new business owners, as well as new investments into PEI's existing business community.

There are three streams from which an applicant can choose:

100% Ownership
Designed to attract foreign nationals who plan to invest in and actively manage a business in Prince Edward Island by starting a new business or purchasing an existing business.

Partial Ownership
Designed to attract applicants who wish to transition into the Prince Edward Island business community by becoming a part owner and active manager in an existing PEI business.

Work Permit
Allows applicants to come to PEI and purchase or start their business prior to being nominated by the Province. Nomination for permanent residency is conditional on the applicant meeting the terms and conditions of a performance agreement.

Labour Impact Category

The Labour Impact Category is an employer-driven category, designed to help fill permanent labour shortages and skill gaps in PEI businesses who have exhausted all avenues of finding an island resident or other Canadian willing and able to perform the job. This category provides pathways to permanent residency for foreign nationals who have a valid long-term job offer from a PEI company and ensures that PEI businesses are able to find suitable employees when labour shortages arise due to required skill sets.

There are three streams from which an applicant can choose:

Skilled Worker
Designed to attract and retain highly skilled workers that have adequate training, work experience, and language ability to fill employer-identified labour market shortages. Sectors that typically use this stream to help fill labour shortages include Information Technology, Restaurant and Tourism, Aerospace, Agriculture, and Health Care.

Critical Worker
Designed to help retain workers currently working in PEI with a valid work permit to fill long-term labour market shortages in occupations that typically require a high school education and/or on-the-job training. Sectors that typically use this stream to help address their labour shortages include Transportation and Logistics, Seafood Processing, and Health Care.

International Graduate
Designed to provide a pathway to permanent residency for those students from a publically funded PEI university or college who has found employment on PEI with an employer who has demonstrated a labour shortage in a high-skill position.

PEI is fortunate to be a destination of choice for thousands of international students attending post-secondary school each year. Many of these

students choose PEI for schooling because of their desire to stay here long term. The International Graduate Stream ensures these bright, talented, young people have the opportunity to remain in PEI to build a life and contribute to the economy following graduation.

Express Entry

Express Entry is an intake management system administered by the federal government through IRCC. They use this system to administer three of their economic immigration programs – Federal Skilled Worker, Federal Skilled Trades, and Canadian Experience Class. Potential applicants must meet the minimum requirements of at least one of these programs to enter into the Express Entry pool. People in the pool are ranked based on a comprehensive ranking system, and people with the highest number of points are invited to apply for permanent residency.

PEI is able to select applicants from this pool and nominate them for permanent residency through an enhanced allocation provided by the federal government. A nomination from the Province increases potential applicants' points and ensures they will be invited to apply in the next round of invitations. PEI is able to select people who have expressed intent to live and work in PEI and fill an identified skill shortages in high-skilled areas.

Atlantic Canada Immigration Pilot Program

The Atlantic Immigration Pilot Program (the "Pilot") is the first major program to be announced as a part of the Atlantic Growth Strategy, which is a partnership between the four Atlantic Provinces and the Federal Government. The goal of the Pilot is to help address demographic challenges that are facing the Atlantic Provinces ahead of the rest of the country by recruiting and retaining a skilled workforce to address labour shortages.

The Pilot is unique from other pathways to permanent resident in many ways. While the Pilot is a federal immigration program, there is also a role for the Province and employer in the program. The Pilot puts a renewed emphasis on the employer relationship with their employee, including assistance with the settlement of the applicant and their family. The role of the Province is to designate employers who are eligible to participate in the Pilot based on the federal criteria.

The Pilot will run for three years and aims to attract applicants through three programs:

Atlantic High Skilled Program: allows employers to attract highly skilled individuals;

Atlantic Intermediate Skilled Program: allows employers to attract semi-skilled individuals;

Atlantic International Graduate Program: allows employers to attract recent graduates from Atlantic Canada post-secondary institutions.

Program Statistics

The Province is given an annual allocation from IRCC, which is the maximum number of nomination certificates IIDI can use in a year. A nomination certificate represents a family unit. Allocations are given on a calendar year basis. The 2016 allocation was 850. This allocation is further divided between the traditional PNP streams, called "base allocation" of 500, and the Express Entry stream, called "enhanced allocation" of 350. The following table notes nominations by program stream for fiscal 2016/17.

2016-17 Nominations by Category

Stream	#	%
100% Ownership Stream	336	36%
Partial Ownership Stream	2	0%
Work Permit Stream	5	1%
Skilled Worker Stream	44	5%
Critical Worker Stream	127	13%
International Graduate Stream	6	1%
Express Entry[1]	407	44%
Total	**927**	**100%**

- **63% of nominations were for labour programs.**

IIDI uses a variety of selection factors to ensure candidates meet the program criteria and will have the best chance to economically establish themselves on PEI. Some key factors in influencing the success of an immigrant after landing include age, education, language ability, work experience, and community, which make these key factors to consider when assessing an applicant. The following tables provide an overview of our nominations for age and education.

2016-17 Nominations by Age All Categories

Age at Nomination	#	%
21-29	320	35%
30-39	303	33%
40-49	252	27%
50-59	49	5%
60+	3	0%
Total	**927**	**100%**

- **68% of our nominations are under 40 years of age.**

2016-17 Nominations by Level of Education

Level of Education	#	%
Ph.D	15	2%
Master's Degree	134	14%
Bachelor's Degree	405	44%
Certificate/Diploma	262	28%
Trade/Apprenticeship	24	3%
Secondary	83	9%
No Secondary	83	0%
Total	**927**	**100%**

- **60% of our nominations have a minimum of a Bachelor's degree.**

[1]Express Entry nominations are above base allocation due to annual year reporting, and an additional allocation provided by the federal government.

Attracting immigrants from similar backgrounds builds community, strong cultural surroundings and increases successful settlement and retention in our province. Of the immigrants nominated by PEI, the top countries of origin remain similar over the past number of years. However, in 2016/17 with the increase nominations in labour and express entry, the percentage of nominations from India and Philippines experienced increases.

2016-17 Nominees by Country

Stream	#	%
India	325	35%
China	289	31%
Philippines	91	10%
Vietnam	40	4%
Hong Kong	15	2%
Jamaica	13	1%
All Other Countries	154	17%
Total	**927**	**100%**

	2012	2013	2014	2015	2016	Total
Sponsored Family Class	80	130	65	75	80	480
Federal Economic	55	60	70	70	40	335
Provincial Nominee Program	910	775	1435	955	1930	7,575
Refugees (protected persons)	55	35	60	110	265	605
Total	1,100	1,000	1,630	1,210	2,315	8,995

PNP continues to be the leading pathway for Newcomers to PEI, representing 84% of total landings since 2012.

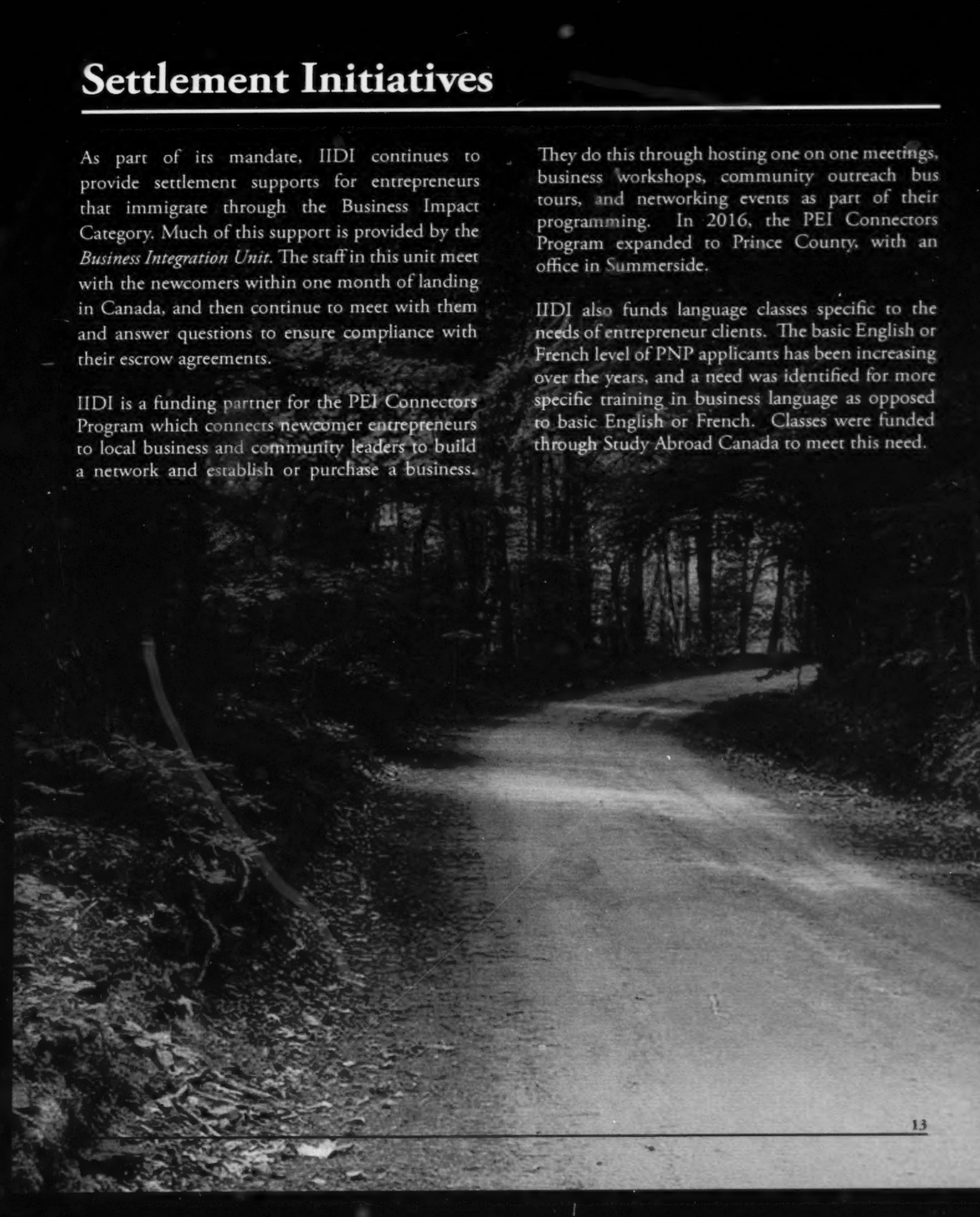
Source – IRCC Facts and Figures

Settlement Initiatives

As part of its mandate, IIDI continues to provide settlement supports for entrepreneurs that immigrate through the Business Impact Category. Much of this support is provided by the *Business Integration Unit*. The staff in this unit meet with the newcomers within one month of landing in Canada, and then continue to meet with them and answer questions to ensure compliance with their escrow agreements.

IIDI is a funding partner for the PEI Connectors Program which connects newcomer entrepreneurs to local business and community leaders to build a network and establish or purchase a business. They do this through hosting one on one meetings, business workshops, community outreach bus tours, and networking events as part of their programming. In 2016, the PEI Connectors Program expanded to Prince County, with an office in Summerside.

IIDI also funds language classes specific to the needs of entrepreneur clients. The basic English or French level of PNP applicants has been increasing over the years, and a need was identified for more specific training in business language as opposed to basic English or French. Classes were funded through Study Abroad Canada to meet this need.



Fund Management & Lending

IIDI also administers the PEI Century 2000 Fund Inc. (PEICF), which was created to support the growth and needs of the private sector and stimulate economic development. Through this fund, IIDI invests federal immigrant funds through strategic low interest financing to PEI businesses where there will be significant economic benefit to the Province.

General lending conditions associated with PEICF loans are as followed:

- **Loans are available for a term of five years;**
- **Loans bear interest at an annual rate of 4%. The annual rate is comprised of PEICF's cost of borrowing from the Federal Immigration Fund, the cost to administer the loan portfolio and the risk associated with the lending activities;**
- **Renewal financing is available for existing loans for one additional five-year term, using either a floating rate of prime plus a minimum of 1.25% pending on eligibility or a fixed rate equal to the posted five-year rate at a chartered bank;**
- **PEICF seeks similar security packages as would be ordinarily sought by a traditional chartered bank.**

PEICF's lending activities are aligned with provincial priorities and *Innovation PEI's Strategic Sectors*. On occasion PEICF may also finance certain projects that may fall outside of PEI's Strategic Sectors, which have significant economic benefits to the provincial economy. Some examples of PEICF's strategic lending activities include participation in certain major projects undertaken in Summerside, Charlottetown, Morell, Georgetown and other communities across the province that will significantly contribute to the future economic prosperity of these communities and the province.

At fiscal year-end financing approved for several projects remained undisbursed and therefore is not reflected in the value of loans outstanding. In many instances PEICF works in partnership with traditional lending institutions, Federal Government agencies and other local economic development agencies to complete financing packages for projects.

During 2016/17, IIDI supported 70 PEI businesses across PEI with a loan portfolio of approximately $157 M.

Loan Write-Offs

Government lending provides important support to Island businesses to grow our economy. At the same time, good government means ensuring Islanders are kept informed of investments and the change in status. At the end of 2016/17, the IIDI loan portfolio was $157M with approximately $13.5M loans written off during the fiscal year. These write offs represent accumulative write offs since 2000, which is on average 0.75% of the loan portfolio on an annual basis. As part of the provinces commitment to enhance transparency, in October 2016 amendments were proclaimed to the Financial Administration Act. Loan writeoffs of more than $25,000 go through orders-in-council and are publically disclosed.

Strategic Initiatives

In 2016 the province through IIDI, acquired full ownership stake of Slemon Park Corporation (SPC). This enables the province to make new investments in the asset that will enhance future economic development potential in rural PEI. SPC is a commercial and residential property management and development company. Slemon Park hosts some of the world's finest companies and training organizations in aviation, aerospace, police and security training, and other commercial activities. In addition, the corporation manages residential housing units, retail, hotel accommodations, food and beverage services, an airport and a sports centre.

SPC is an important strategic economic development tool for the Province.

SLEMON PARK
CORPORATION

Appendix A | Board of Directors

David Keedwell | Chairperson
Deputy Minister | *Department of Economic Development and Tourism*

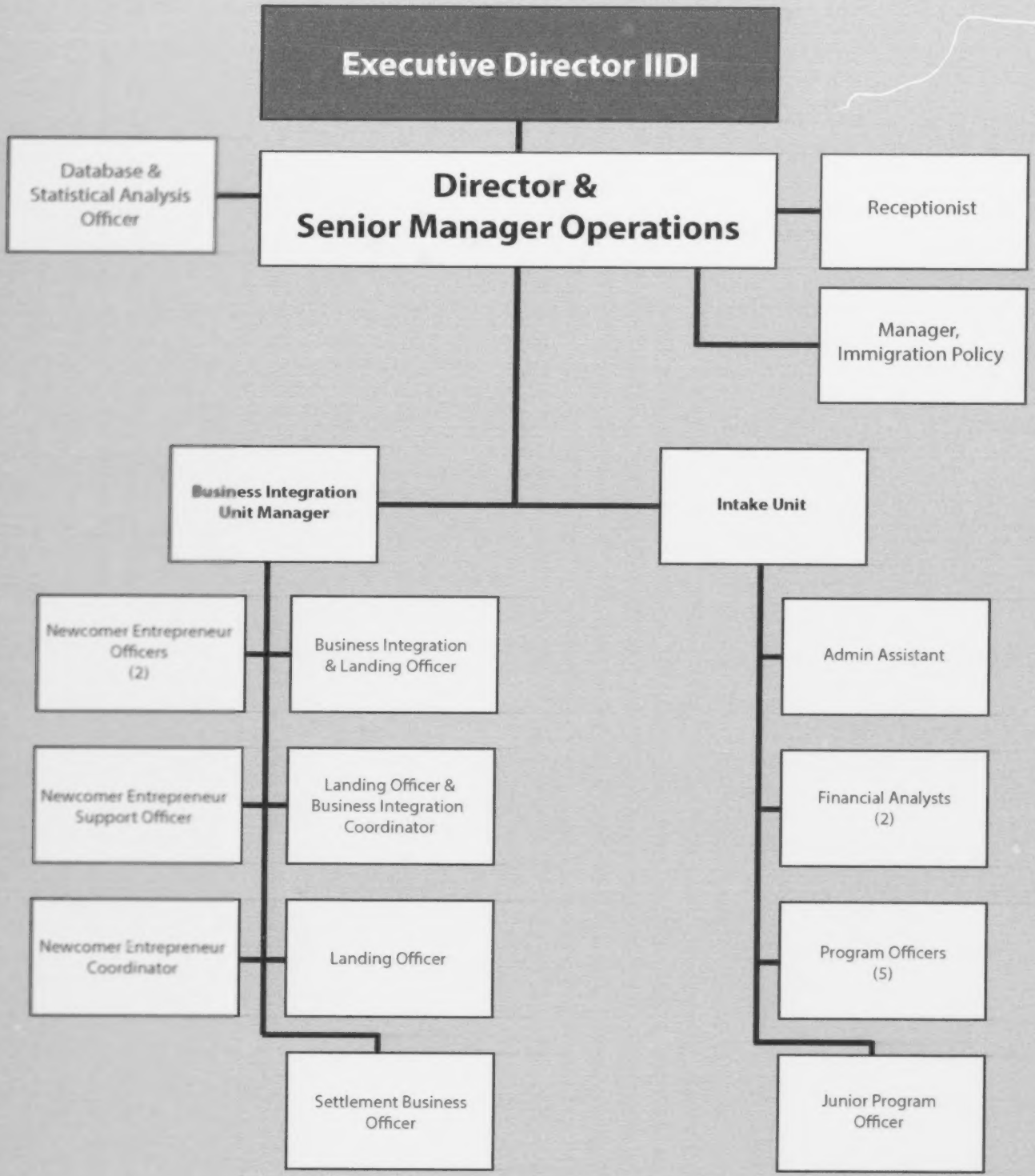
Jamie Aiken
Executive Director | *IIDI*

John Jamieson
Deputy Minister | *Department of Agriculture and Fisheries*

Dan Campbell
Secretary | *Treasury Board*

Neil Stewart
Deputy Minister | *Department of Workforce and Advanced Learning*

Appendix B | Organizational Chart



Appendix C | Audited Financial Statements

Island Investment Development Inc.

Consolidated Financial Statements
March 31, 2017

ArsenaultBestCameronEllis

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS

Member of The AC Group of Independent Accounting Firms

Chartered Professional Accountants & Business Advisors
Prince Edward Place
18 Queen Street, Suite 100
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074
www.acpei.ca

June 22, 2017

Independent Auditor's Report

To the Board of Directors of
Island Investment Development Inc.

We have audited the accompanying consolidated financial statements of **Island Investment Development Inc.**, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Island Investment Development Inc.** as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ArsenaultBestCameronEllis

Chartered Professional Accountants

Island Investment Development Inc.

Consolidated Statement of Financial Position

As at March 31, 2017

	2017 $	2016 $
Assets		
Cash	22,697,691	15,631,041
Marketable securities	48,776,782	63,412,094
Accounts receivable (notes 6 and 16)	1,191,202	1,341,155
Income taxes receivable	-	263,533
Prepaid expense	42,760	71,514
Inventory (note 15)	114,947	116,520
Demand loan receivable (note 8)	6,998,502	6,998,502
Notes receivable (note 9)	130,976,635	138,886,132
Advances to related company (notes 9, 16 and 19)	2,633,938	2,286,309
Investment in private company (note 10)	1,434,373	944,128
Deferred financing costs (note 11)	1,464,698	2,775,406
Property and equipment (Schedule and notes 15 and 19)	1,441,186	1,290,157
Investment properties (notes 7, 15 and 19)	8,271,472	7,936,154
Restricted funds (note 12)		
Cash and marketable securities	208,324,461	176,145,736
	434,368,647	418,098,381
Liabilities		
Bank indebtedness (note 13)	100,756	48,889
Accounts payable and accrued liabilities (notes 9, 14 and 16)	3,056,153	4,256,397
Notes payable (note 15)	98,259,170	141,312,645
Restricted funds (note 12)	208,324,461	176,145,736
	309,740,540	321,763,667
Contingent liability (note 18)		
Retained earnings (note 19)	124,628,107	96,334,714
	434,368,647	418,098,381

Approved by the Board of Directors

_____ Director

_____ Director

Island Investment Development Inc.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2017

	2017 $	2016 $
Retained earnings - Beginning of year		
As previously reported	96,437,493	85,443,969
Prior period adjustment (note 19)	(102,779)	823,541
As restated	96,334,714	86,267,510
Net earnings for the year	28,293,393	10,067,204
Retained earnings - End of year	124,628,107	96,334,714

Island Investment Development Inc.

Consolidated Statement of Comprehensive Income

For the year ended March 31, 2017

	2017 $	2016 $
Revenue		
Interest on notes and loan receivable (note 16)	5,765,026	6,212,568
Investment income on marketable securities	5,681,015	2,578,486
Provincial Nominee Program fees	3,637,750	3,070,046
Provincial Nominee Program defaults (note 12)	18,030,000	5,090,000
Property operations (note 16)	8,164,498	-
Miscellaneous revenue	350,053	263,609
	41,628,342	17,214,709
Expenses		
Doubtful accounts	163,523	-
Education contribution	379,236	34,266
Equipment	28,912	20,744
Grants - private companies	232,335	39,400
Interest and bank charges	691	1,961
Interest on notes payable (note 16)	303,515	168,967
Management fees (note 16)	535,000	535,000
Meetings and conferences	28,298	17,665
Office	43,080	28,238
Professional fees	182,889	272,540
Promotion and advertising	5,517	4,937
Property operations (note 16)	7,272,375	-
Provision for possible losses	1,048,990	5,242,423
Rent (note 16)	50,000	50,000
Salaries (note 16)	1,254,301	807,300
Travel	39,447	36,639
Amortization	450,360	-
Amortization of deferred financing costs	1,334,711	1,871,533
	13,353,180	9,131,613
Operating earnings	28,275,162	8,083,096
Other income (expense)		
Gain on sale of property and equipment	18,231	-
Unrealized loss on marketable securities	-	(69,921)
Gain on remeasurement of investment in business combination	-	2,980,349
Impairment of goodwill (note 19)	-	(926,320)
	18,231	1,984,108
Net earnings for the year	28,293,393	10,067,204

Island Investment Development Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2017

	2017 $	2016 $
Cash provided by (used in)		
Operating activities		
Net earnings for the year	28,293,393	10,067,204
Items not affecting cash		
Amortization of deferred financing costs	1,334,711	1,871,533
Amortization	450,360	-
Loss on sale of property and equipment	(18,231)	-
Gain on remeasurement of investment in business combination	-	(2,980,349)
Unrealized loss on marketable securities	-	69,921
Provision for possible losses	1,048,990	5,242,423
Impairment of goodwill	-	926,320
	31,109,223	15,197,052
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	149,953	(638,479)
Decrease in inventory	1,573	-
Decrease in prepaid expense	28,754	-
Decrease in income taxes receivable	263,533	-
Increase (decrease) in accounts payable and accrued liabilities	(1,200,243)	1,547,430
	30,352,793	16,106,003
Financing activities		
Increase in bank indebtedness	51,867	-
Cash recognized on business combination	-	163,033
Decrease in notes payable - net	(43,053,475)	(49,199,819)
Decrease (increase) in advances to related company	(347,629)	1,169,677
	(43,349,237)	(47,867,109)
Investing activities		
Increase in investment in private company	(490,245)	(489,968)
Decrease in marketable securities - net	14,635,312	2,225,338
Increase in restricted funds - cash and marketable securities	(32,178,725)	(45,992,546)
Increase in restricted funds - liability	32,178,725	45,992,546
Decrease (increase) in notes receivable - net	6,860,506	(569,032)
Additions to property and equipment	(526,465)	-
Additions to investment properties	(619,449)	-
Capital grants received	209,207	-
Proceeds on disposal of property and equipment	18,231	-
Increase in deferred financing costs	(24,003)	(64,864)
Cash disbursed on business combination	-	(2,389,652)
	20,063,094	(1,288,178)
Increase (decrease) in cash	7,066,650	(33,049,284)
Cash - Beginning of year	15,631,041	48,680,325
Cash - End of year	22,697,691	15,631,041

1 Reporting entity

The company is a provincial Crown corporation established under the provisions of the Island Investment Development Inc. Act and is therefore a non-taxable entity under the provisions of the Income Tax Act.

The company is the corporate administrator of government-administered venture capital funds in the Province of Prince Edward Island with its purpose to invest in active business operations. The investments are made in typically new or expanding companies.

The company administers the Prince Edward Island Provincial Nominee Program on behalf of the Province of Prince Edward Island, and charges applicants under the program various fees to process the applications received.

Island Investment Development Inc.'s head office is located in Charlottetown, Prince Edward Island.

Island Investment Development Inc. prepares its financial statements in compliance with Canadian International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been approved for issue by the Board of Directors on June 22, 2017.

2 Summary of significant accounting policies

(a) Basis of consolidation

These financial statements include the operations of Island Investment Development Inc. and its wholly-owned subsidiaries, Prince Edward Island Century 2000 Fund Inc. (Century 2000 Fund) and Slemon Park Corporation.

(b) Basis of measurement

These financial statements have been presented on the historical cost basis except for certain financial instruments as indicated in note 2(d).

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the company's functional currency.

(d) Financial instruments

i) Recognition and measurement

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued. At initial recognition, the company classifies its financial instruments as follows:

- Financial instruments at fair value through profit or loss (FVTPL)

  Financial assets held for trading are reported at FVTPL with changes in fair value reported through the statement of comprehensive income. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term, if so designated by management or it is a derivative that is not designated and effective as a hedging instrument. Transaction costs are expensed.

  Assets in this category includes marketable securities.

- Available for sale ("AFS")

  Available for sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available for sale investments are recognized initially at fair value plus transactions costs, and are subsequently carried at fair value, other than the company's investment in certain shares as their fair value cannot be reliably measured. Upon such time that their fair value can be reliably measured, the carrying amount of these financial assets will be adjusted to fair value. Gains and losses arising from remeasurement are recognized in other comprehensive income.

  Dividends or distributions on available for sale investments are recognized in the statement of comprehensive income as investment income, when the company's right to receive payment is established.

  Assets in this category include investment in private company.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recorded at fair value on initial recognition and subsequently at amortized cost using the effective interest method.

  Assets in this category includes cash, accounts receivable, demand loan receivable, notes receivable and advances to related companies.

- Other financial liabilities

  Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

  Liabilities in this category include accounts payable and accrued liabilities, notes payable and restricted funds.

ii) Impairment of financial instruments

The company determines, at each statement of financial position date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired, and impairment losses are recorded, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the company on non-market terms that the company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as conditions that correlate with defaults in the group.

- Financial assets classified as loans and receivables

  For the purposes of individual evaluation of impairment, the amount of the impairment loss on a loan or receivable is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of earnings. The calculation of the carrying value reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

  The methodology and assumptions used for estimating future cash flows are reviewed regularly by the company to reduce any differences between loss estimates and actual loss experience. When a loan is uncollectible, it is written off after all the necessary procedures have been completed and the amount of loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of earnings in provision for possible losses expense.

  Loans that were past due and either subject to collective impairment assessment or are individually significant and whose terms have been renegotiated are not longer considered to be past due but are treated as new loans. In subsequent years, if the loan becomes past due, this will be disclosed only if renegotiated again.

- Assets classified as available for sale

  At each statement of financial position date, the company assessed if there is objective evidence that an AFS financial asset may be impaired. A significant or prolonged decline in the fair value of an AFS security below its costs is considered objective evidence in determining whether the assets are impaired. If any such evidence exists for AFS financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is reclassified from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed.

(e) Cash

Cash consists of cash held in banks. Bank indebtedness is considered to be a financing activity.

(f) Inventory

Inventories are valued at the lower of cost and net realizable value, except for oil, which is valued at invoice cost on a first-in, first-out basis. Costs are assigned using the specific item formula for food inventory. Costs include all expenses directly attributable to the purchase and delivery of the product to the Company's location. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(g) Deferred financing costs

The costs incurred in obtaining financing have been capitalized and are being amortized using the straight-line basis over the term of the notes payable, which is sixty months.

(h) Property and equipment

Property and equipment are recorded at the fair value on the transition date of April 1, 2015 to IFRS for Slemon Park Corporation, a subsidiary, as deemed cost, with additions since that time measured at historic cost. Subsequent to initial recognition, property and equipment is recorded at cost less accumulated amortization and accumulated impairment losses. The company allocates the amount recognized in respect of each item in property and equipment to its significant components and amortizes each component separately.

Amortization is recognized so as to write-off the cost less residual values over the useful lives of the assets. The estimated useful lives, residual values and amortization method are reviewed at each year-end with the effect of any changes in estimates accounted for on a prospective basis. Amortization rates are as follows:

Sewer and water infrastructure	2% - 4%	declining balance
Paving	8%	declining balance
Buildings and improvements	4% - 20%	declining balance
Furniture and equipment	20%	declining balance
Motor vehicles	30%	declining balance
Computer equipment and software	30%	declining balance

As asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. No property and equipment were identified as impaired as at March 31, 2017.

(i) Investment properties

Investment properties include land and buildings held to earn rental income. Investment properties are recorded at the fair value on the transition date of April 1, 2015 to IFRS of Slemon Park Corporation, a subsidiary, as deemed cost, with additions since that time measured at historic cost. Subsequent to its initial recognition, investment properties are recorded at cost less accumulated amortization and accumulated impairment losses. The company allocates the amount recognized in respect of each item in investment properties to its significant components and amortizes each component separately.

Amortization is recognized so as to write-off the cost less residual values over the useful lives of the assets. The estimated useful lives, residual values and amortization method are reviewed at each year-end with the effect of any changes in estimates accounted for on a prospective basis. Amortization rates are as follows:

Buildings	4% - 20%	declining balance
Roads and paving	8%	declining balance

Investment properties are derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of investment properties are recognized in the income statement in the year of retirement or disposal.

(j) Capitalization policy

Acquisition, construction or development over time:

The cost of a capital asset includes direct construction or development costs (such as materials and labour) and overhead costs directly attributable to the construction or development activity.

The cost of capital assets includes the purchase price and other acquisition costs such as installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing, interest and preparation charges.

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Betterment:

The cost incurred to enhance the service potential of a capital asset is a betterment. Service potential may be enhanced when there is an increase in the previously assessed physical output or service capacity, associated operating costs are lowered, the life or useful life is extended, or the quality of output is improved. The cost incurred in the maintenance of the service potential of a capital asset is a repair, not a betterment. If a cost has the attributes of both a repair and a betterment, the portion considered to be a betterment is included in the cost of the capital asset.

Government assistance:

Government assistance towards acquisition of capital assets will be deducted from the related capital assets with any amortization calculated on the net amount.

Buildings and renovations:

All expenditures that provide future benefit beyond the annual operating period and which are an integral component of the building are classified as an addition to the building.

(k) Impairment of long-lived assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level. The company tests long-lived assets for impairment on an annual basis or whenever events or changes in circumstances indicate that its carrying amount of the asset is not recoverable and exceeds its fair value. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its recoverable amount. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the higher of fair value less costs to disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

(l) Revenue recognition

Investment income is recorded in the period earned.

Interest accrued on notes and loans receivable is recognized as revenue in the period earned.

Provincial Nominee Program fees and interview fees are recorded as revenue when earned.

Provincial Nominee Program defaults are recorded as revenue in the year in which the deposit period ends and the applicant does not meet the conditions for repayment.

Accommodation, food and beverage, sports centre, retail and airport operation revenues, included in property operations, are measured at the fair value of the consideration received or receivable less any trade discounts or volume rebates. Revenues are recognized when the goods or services have been provided to the customer, it is probable that the associated economic benefit will flow to the company and the amount of revenue can be reliably measured.

Revenue from commercial and residential rental operations, included in property operations, is recognized straight-line over the terms of the leases when collection is reasonably assured. The difference between the rental revenue recognized and the amounts contractually due under the lease agreements is recorded in trade receivables. The company retains substantially all of the benefits and risks of ownership of its income properties and, therefore, accounts for its leases with tenants as operating leases.

Revenue from any sales-type leases is recognized at the inception of the lease and represents the present value of the future minimum lease payments.

Miscellaneous revenue is recognized in the period in which the transaction or events that give rise to the revenue occur and collection is reasonably assured.

(m) Government assistance and other grants

The Governments of Canada and Prince Edward Island, as well as other organizations, have contributed money to fund renovations to existing facilities and to assist the management of Slemon Park Corporation. Grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. These funds, along with other grants received, are credited to the operating expenses or capital assets to which they relate. During the year, $209,207 (2016 - nil) in grants were received related to capital projects and credited to capital assets.

(n) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and report amounts of assets, liabilities, revenue and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The judgments that have the most significant effect on the amounts recognized in the financial statements are with respect to the allowance for loan losses, as detailed in note 4.

(o) Future accounting standards and reporting changes

The following are future changes in accounting policies not yet effective as of March 31, 2017.

IFRS 9, Financial Instruments, introduces new requirements for the classification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially-reformed model for hedge accounting, which enhanced disclosures about risk management activity. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The company has not yet begun the process of evaluating the impact of this standards on its financial instruments.

IFRS 15, Revenue from Contracts with Customers, which will replace IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IRFS 9, IRFS 10, Consolidated Financial Statements and IFRS 11, Joint Arrangements. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurements of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The company has not yet begun the process of evaluating the impact of this standard on its financial statements.

IFRS 16 was issued by the IASB on January 13, 2016. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. The company has not yet begun the process of evaluating the impact of the standard on its financial instruments.

3 Agent agreement

Prince Edward Island Century 2000 Fund Inc.

The Federal Minister of Citizenship and Immigration acts as an Agent for the company and Crown corporations of other participating provinces by receiving investments from immigrant investors and disbursing them to the provincial Crown corporations in accordance with the allocation formula set out in the federal Immigration Regulations, 1978. All monies received by the Agent pursuant to the issuance of debt obligations are held by the Agent in a separate account from the moment such monies are received, on behalf of the company and the provincial designates. Investments are subject to a commission agreement whereby a 5% commission is paid to the party that facilitates an investment. These commissions are paid out of the special account by the Agent on the first day of the second month following the issuance of a visa to the investor to the party that made the facilitated investment, and are recorded as deferred financing charges by the company.

The Agent disburses the provincial allocation, less applicable commissions, to the company at the beginning of the five-year allocation period. The Agent issues a promissory note to the investor on behalf of the company. The company is obligated to repay the note, bearing interest at 0%, within 30 days after the expiry of the allocation period.

The company is required to repay the investor, through the Agent, the investor's promissory note within 90 days of receipt by the Agent of a request by the investor to withdraw his/her application for permanent residence, or upon the refusal of the application by the Minister.

In the 2014 Federal Government Budget, it was disclosed that Citizenship Immigration Canada (CIC) would be terminating the Federal Immigrant Investor Programs during the 2014 calendar year. Subsequently, CIC has communicated to all provinces that there will be no accelerated repayment schedule for funds received through the Immigrant Investor Program.

4 Critical accounting estimates and judgments

The company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the period the assumptions changed. The principal area involving a higher degree of judgment or complexity and/or area which require significant estimates is described below:

Provision for possible losses

The company regularly reviews its loan portfolio to assess impairment. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgments as to whether there is any observable data indicating an impairment trigger followed by a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of members in a group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using specific valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments. Where market observable data inputs are not available, they are estimated based on appropriate assumption. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by management.

For investments in private company, consideration was given as to whether or not par value was equal to redemption value and whether the company had the right to redeem those shares at their discretion. To the extent that the redemption value of those shares is equal to their par value, then these shares will also be designated as AFS at fair value with fair value equal to (or in the case of potential impairment, less than) par value. These investments are reported at par value on the basis that they are not liquid investments and have a limited number of potential purchasers. Where fair value cannot be reliably measured, these investments are recorded at cost.

Estimated useful lives of investment properties and property and equipment

Management estimates the useful lives of investment properties and property and equipment based on the period during which assets are expected to be available for use. The amounts and timing of recorded amortization expense of investment properties and property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, legal and other limits to use. It is possible that changes in these factors may cause changes in the estimated useful lives of the company's investment properties and property and equipment in the future.

Investment properties fair value

The fair market value of investment property is disclosed on an annual basis as of the statement of financial position date. This fair value information is also used to calculate potential impairment losses as of the statement of financial position date. The valuations are prepared using recognized valuation techniques to determine the fair value. The determination of the fair value requires the use of estimates on future cash flows from assets and discount rates applicable to those assets. These estimates are based on local market conditions existing at the statement of financial position date.

5 Financial instruments

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2017		2016	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Assets carried at fair value				
Financial assets held for trading	257,101,243	257,101,243	239,557,830	239,557,830
Assets carried at amortized cost				
Notes, receivables and advances	141,800,277	141,800,277	149,512,129	149,512,129
Cash	22,697,691	22,697,691	15,631,041	15,631,041
Investment available for sale	1,434,373	1,434,373	944,128	944,128
	165,932,341	165,932,341	166,087,298	166,087,298
Liabilities carried at amortized cost				
Bank indebtedness	100,756	100,756	48,889	48,889
Accounts payable and accrued liabilities	3,056,153	3,056,153	4,256,397	4,256,397
Notes payable	98,259,170	98,259,170	141,312,645	141,312,645
Restricted funds	208,324,461	208,324,461	176,145,736	176,145,736
	309,740,540	309,740,540	321,763,667	321,763,667

The fair value of financial assets held for trading is determined by their quoted market value at the reporting date.

6 Accounts receivable

	2017 $	2016 $
Trade	974,274	958,078
Related party	618,012	671,070
Other	9,039	9,958
Less: Allowance for doubtful accounts	(410,123)	(297,951)
	1,191,202	1,341,155

7 Investment properties

The fair market value of investment properties as of March 31, 2017 is $9,940,725 (2016 - $7,943,111). The investment properties have been valued using a capitalized net operating income method. Using this method, capitalization rates are applied to net operating income (revenues less property operating expenses). The key assumptions is the capitalization rate of 10% to 14% (2016 - 10% to 14%) plus a discount applied in a recent transaction between unrelated market participates which reflects the special nature and location of the assets. This discount is to reflect the specialized assets and their location. This valuation process would be classified as Level 3 of the fair value hierarchy.

	Land $	Buildings, roads and paving $	Total $
Cost			
Balance - April 1, 2015	-	-	-
Transferred in	1,414,252	6,988,194	8,402,446
Balance - March 31, 2016	1,414,252	6,988,194	8,402,446
Additions	-	619,449	619,449
Balance - March 31, 2017	1,414,252	7,607,643	9,021,895
Accumulated amortization			
Balance - April 1, 2015	-	-	-
Transferred in	-	(274,890)	(274,890)
Impairment	-	(191,402)	(191,402)
Balance - March 31, 2016	-	(466,292)	(466,292)
Amortization expense	-	(284,131)	(284,131)
Balance - March 31, 2017	-	(750,423)	(750,423)
Net carrying value			
March 31, 2016	1,414,252	6,521,902	7,936,154
March 31, 2017	1,414,252	6,857,220	8,271,472

The future minimum lease payments to be received under non-cancelable operating leases in aggregate fore each of the following periods:

	$
Under 1 year	2,308,590
2 to 5 years	6,310,978
Over 5 years	8,069,306
Total	16,688,874

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8 Demand loan receivable

The company entered into an agreement with Finance PEI, a provincial Crown corporation, to provide a $15,000,000 revolving line of credit. The balance of the line of credit at March 31, 2017 is $6,998,502 (2016 - $6,998,502).

Interest is charged monthly at a rate equal to the Department of Provincial Treasury of Prince Edward Island's short-term lending rate and the total amount is repayable on demand.

The demand loan is secured by a promissory note for $15,000,000 and a revolving credit agreement.

9 Notes receivable

				2017	2016
	Total $	Impaired loans included in total $	Individual Allowance $	Net $	Net $
Working capital					
Manufacturing and processing	5,036,448	2,494,825	1,836,784	3,199,664	1,340,717
Long-term loans					
Manufacturing and processing	50,615,207	7,115,023	3,019,827	47,595,380	52,477,252
Technology	1,303,062	1,303,062	200,000	1,103,062	1,117,743
Aerospace	653,882	-	-	653,882	1,362,809
Tourism	15,527,380	999,000	292,000	15,235,380	15,287,474
General business	70,831,893	47,912,935	18,900,435	51,931,458	54,068,491
Bioscience	10,285,669	1,661,000	700,000	9,585,669	11,478,043
	149,217,093	58,991,020	23,112,262	126,104,831	135,791,812
Accrued interest	3,152,406	-	1,480,266	1,672,140	1,753,603
	157,405,947	61,485,845	26,429,312	130,976,635	138,886,132

The fair value of the collateral held by the company as security for the impaired loans was $47,201,704 (2016 - $49,985,126). The company has estimated the fair value of collateral based on an updated assessment of the security appraisal undertaken at the original funding assessment and management's knowledge of local real estate and business market conditions.

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Continuity of individual allowance

	Beginning balance $	Provision/ reversal $	Write-off $	2017 Ending Balance $	2016 Ending Balance $
Working capital					
Manufacturing and processing	1,836,784	-	-	1,836,784	1,836,784
Long-term loans					
Manufacturing and processing	8,676,576	(1,618,000)	4,038,749	3,019,827	8,676,576
Technology	200,000	-	-	200,000	200,000
Aerospace	7,559,965	-	7,559,965	-	7,559,965
Tourism	428,391	-	136,391	292,000	428,391
General business	18,070,435	1,780,000	950,000	18,900,435	18,070,434
Bioscience	-	700,000	-	700,000	-
	34,935,367	862,000	12,685,105	23,112,262	34,935,366
Accrued interest	2,126,702	186,990	833,426	1,480,266	2,126,702
	38,898,853	1,048,990	13,518,531	26,429,312	38,898,852

Loans past due but not impaired

A loan is considered past due when a payment has not been received by the contractual due date. The following table presents the carrying value of the loans that are past due but not classified as impaired as they are either (i) less than 90 days past due unless there is information to the contrary that an impairment event has occurred or (ii) fully secured and collection efforts are reasonably expected to result in repayment.

Loans that are past due but not impaired are as follows:

	90 - 120 days $	120 - 150 days $	150 - 180 days $	+180 days $	Total $
As at:					
March 31, 2017	-	-	-	11,450,046	11,450,046
March 31, 2016	-	-	-	10,589,004	10,589,004

During the years ended March 31, 2017 and 2016, the company did not acquire any assets in respect of delinquent loans.

Related party notes:

Included in long-term loans manufacturing and processing are unsecured notes receivable due from Finance PEI of $3,130,720 (2016 - $3,181,943).

Included in accrued interest is $665,239 (2016 - $585,983) from Finance PEI.

10 Investment in private company

	2017 $	2016 $
Investment in private company Atlantic Canada Regional Venture Fund LP	1,434,373	944,128

Continuity of allowance for doubtful accounts

	2017 $	2016 $
Balance - Beginning of year	-	80,427
Current year provision	-	(80,427)
Balance - End of year	-	-

11 Deferred financing costs

			2017	2016
	Cost $	Accumulated amortization $	Net $	Net $
Commissions	5,711,886	4,247,188	1,464,698	2,775,406

12 Restricted funds

Restricted funds held in trust consist of the following amounts held under the Provincial Nominee Program:

	2017 $	2016 $
Good Faith deposits	329,073	504,073
Entrepreneur Program deposits	100,000	100,000
Language deposits	81,665	141,665
Escrow deposits - business impact category	207,513,723	175,099,998
Intermediary deposits	300,000	300,000
	208,324,461	176,145,736

The company has internally restricted cash and marketable securities to meet or exceed the restricted funds payable.

13 Bank indebtedness

Bank indebtedness consists of a demand loan of $58,000 and an overdraft balance in the operating account of $42,756. The company has an authorized operating line of credit of $900,000, bearing interest at prime, of which $842,000 was unused at March 31, 2017. Prime as of March 31, 2017 was 2.70% (2016 - 2.7%). For details of the security provided for the line of credit, see note 15.

14 Accounts payable and accrued liabilities

	2017 $	2016 $
Trade payables and accruals	2,447,489	1,852,388
Government remittances	17,897	35,446
Related entities	103,754	356,780
Province of Prince Edward Island	276,601	1,842,921
Other	210,412	168,862
	3,056,153	4,256,397

15 Notes payable

	2017 $	2016 $
Prince Edward Island Century 2000 Fund Inc.		
Non-interest bearing notes payable, nominally dated with commencement dates ranging from April 1, 2012 to April 1, 2017, repayable in full in five years from the commencement date pursuant to the federally administered Immigrant Investor Program	89,305,244	129,280,204
Island Investment Development Inc.		
3.11% term loan, due July 6, 2022, to the Province of Prince Edward Island, payable in bi-annual payments of $433,359 including interest, unsecured	4,350,603	5,065,304
Treasury Board loan, due on demand, unsecured	1,823,005	-
2.03% debenture, repaid during the year	-	2,389,650
Accrued interest payable	31,397	36,786
Slemon Park Corporation		
3.519% term loan, due in 2017, repayable in monthly instalments of principal of $6,409, plus interest	941,999	1,018,898
3.506% term loan, due in 2017, repayable in monthly instalments of principal of $20,531, plus interest	1,806,922	2,053,103
Prime plus 0.75% term loan, repaid during the year	-	500,000
Prime rate term loan, repaid during the year	-	968,700
	98,259,170	141,312,645

Island Investment Development Inc.
The Treasury Board interest rate at March 31, 2017 is 0.87%

Prince Edward Island Century 2000 Fund Inc.
All notes payable are pursuant to the Immigrant Investor Regulations.

The Province of Prince Edward has provided a guarantee of the notes payable to the Minister of Citizenship and Immigration (Agent) in the event of the failure of Prince Edward Island Century 2000 Fund Inc. to repay the notes payable to the Agent within 30 days following the end of the allocation period.

Slemon Park Corporation

As additional security for certain long-term debt and an authorized operating line of credit of $900,000, Slemon Park Corporation has provided a location specific general security agreement over all present and future personal property of certain buildings, a floating charge over inventory and appliances of the residential units, an assignment of residential rents, an assignment of specific commercial rents, a first fixed charge mortgage with cash value insurance coverage over the residential units, a collateral mortgage over certain properties and a general assignment of book debts.

The principal payments due on the notes payable over the next five years are as follows:

	$
Year ending March 31, 2018	30,479,551
2017	48,722,418
2020	15,277,159
2021	2,186,890
2022	1,166,429

16 Related party transactions

Related parties

Finance PEI and Innovation PEI are Crown corporations of the Province of Prince Edward Island.

Related party balances

Included in accounts receivable is nil (2016 - $476,072) to the Province of Prince Edward Island, and $210,909 (2016 - $39,899) to Finance PEI.

Included in accounts payable and accrued liabilities is $87,095 (2016 - $343,227) to Innovation P.E.I. and $136,936 (2016 - $1,706,214) to the Province of Prince Edward Island.

Advances to related company:

	2017 $	2016 $
Finance PEI	2,633,938	2,286,309

Advances to related companies are non-interest bearing with no specific terms of repayment.

Transactions

Included in interest on notes and loan receivable is $178,912 (2016 - $180,586) from Finance PEI.

Included in expenses are management fees of $535,000 (2016 - $535,000) and rent of $50,000 (2016 - $50,000) to Finance PEI and interest on notes payable of $163,183 (2016 - $168,967) to the Province of Prince Edward Island.

Included in property operations is revenue of $1,000,065 and purchases of $642,710 from enterprises controlled by the Province of Prince Edward Island.

Compensation of directors and key management personnel

The remuneration of directors and key management personnel during 2017 and 2016 were as follows:

	2017 $	2016 $
Salaries	495,626	198,841

Key management personnel consist of the executive director, directors and manager needed to administer the programs in Island Investment Development Inc. Certain members of key management are employed under Innovation PEI and the portion of their salary which pertains to the work performed for Island Investment Development Inc. is reflected in the $535,000 (2016 - $535,000) management fee paid to Finance PEI.

17 Commitments

Prince Edward Island Century 2000 Fund Inc. loans approved but not disbursed at March 31, 2017 amount to $6,131,697 (2016 - $9,597,150).

18 Contingent liability

A statement of claim has been filed against the company that deals with the question of priority interest that the company has in a mortgage that is held as collateral on their notes receivable to a specific organization. There is no amount recorded in these financial statements for the possible effect on the calculation of the allowance for possible credit losses as the potential outcome of the claim is uncertain at this time.

19 Prior period adjustment

The company made two prior period adjustments in the current year.

One prior period adjustment was made to report the transfer of a property to a related company, Innovation PEI, at its fair market value of $823,541 at the time of transfer in 2011. This property was then transferred from Innovation PEI to Finance PEI in 2013. In addition, this adjustment would result in a loan loss provision recovery of $823,541 in the year of transfer as well as an increase in retained earnings of $823,541 as of March 31, 2016.

A prior period adjustment was also made as a result of a subsidiary adopting International Financial Reporting Standards (IFRS) in the current year as a result of the acquisition of control of the subsidiary as at March 31, 2016. The acquisition of control of the subsidiary required the subsidiary to restate their comparative financial statements under IFRS to record assets at fair market value. The restatement resulted in property and equipment being reduced by $8,378,843, investment properties being increased by $7,936,154 and goodwill being decreased by $483,630 for a net reduction in retained earnings of $926,319 as of March 31, 2016.

A summary of the restatement of the comparative financial statements as a results of the prior period adjustments is as follows:

Statement of Financial Position - 2016

- advances to related company increased by $823,541
- property and equipment decreased by $8,378,843
- investment properties increased by $7,936,154
- goodwill decreased by $483,630
- retained earnings decreased by $102,781

Statement of Changes in Equity - 2016

- opening retained earnings has increased by $823,541
- net earnings has decreased by $926,320
- ending retained earnings has decreased by $102,779

Statement of Comprehensive Income

- opening retained earnings decreased by $102,779

20 Comparative figures

Certain comparative figures presented for the 2016 fiscal year have been restated to conform with the financial statement presentation adopted in the current year.

21 Financial risk management objectives and policies

Island Investment Development Inc.'s principal business activities result in a statement of financial position that consists primarily of financial instruments. The principal financial risks that arise from transacting financial instruments include credit, liquidity, market and operational risk. Authority for all risk-taking activities rests with the Board of Directors (Board), which approves risk management policies, delegates' limits and regularly reviews management's risk assessments and compliance with approved policies. Qualified professionals throughout Island Investment Development Inc. manage these risks through comprehensive and integrated control processes and models, including regular review and assessment of risk measurement and reporting processes.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty of a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from the company's notes receivable and marketable securities.

The company's maximum exposure to credit risk at the statement of financial position date in relation to each class of recognized financial assets is the carrying amount of those assets indicated in the statement of financial position. The maximum credit exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

The company's maximum exposure to credit risk at the reporting date was:

	2017 $	2016 $
Cash	22,697,691	15,631,041
Marketable securities	48,776,782	63,412,094
Accounts receivable	1,191,202	1,341,155
Demand loan receivable	6,998,502	6,998,502
Notes receivable	130,976,635	138,886,132
Advances to related companies	2,633,938	2,286,309
Investment in private company	1,434,373	944,128
Restricted funds	208,324,461	176,145,736
	423,033,584	405,645,097

i) Notes receivable

For the notes receivable portfolio, the company uses risk modelling that is customer based rather than product based. The company reviews the borrowers capacity to repay the loan rather than relying exclusively on collateral, although it is an important component in establishing credit risk. Typically, collateral consists of capital assets held by the borrower but can extend to working capital such as inventory when warranted. Any shortfall in collateral as compared to the carrying value of the loan is considered when analyzing the loan for the provision that needs to be applied to it.

Credit is approved by staff and the company's Board of Directors with loans in excess of $1 million requiring approval by Treasury Board. The company factors the financial strength of each borrower, the security which is available, their position in industry and past payment history when assessing all potential loans.

ii) Cash and marketable securities

Cash and marketable securities have a low credit risk exposure as the assets are high quality investments with low risk counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its financial obligations as they come due. Specifically, the company needs to ensure it has adequate resources to repay all accounts payable and accrued liabilities, notes payable and to pay back any deposits under the Provincial Nominee Program as they come due. The company's approach to manage liquidity risk is to closely monitor its cash flows and forecast the expected receipts and obligations.

The table below analyzes the company's financial liabilities into relevant groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	2017				
	Under 1 year $	**Between 1 - 2 years** $	**Between 2 - 5 years** $	**Over 5 years** $	**Total** $
Bank indebtedness	100,756	-	-	-	100,756
Accounts payable and accrued liabilities	3,056,153	-	-	-	3,056,153
Note payable	30,479,551	48,722,418	18,630,478	426,723	98,259,170
Restricted funds	208,324,461	-	-	-	208,324,461
	241,960,921	48,722,418	18,630,478	426,723	309,740,540

					2016
	Under 1 year $	Between 1 - 2 years $	Between 2 - 5 years $	Over 5 years $	Total $
Bank indebtedness	48,889	-	-	-	48,889
Accounts payable and accrued liabilities	4,256,397	-	-	-	4,256,397
Note payable	42,438,311	26,792,672	66,043,174	6,038,488	141,312,645
Restricted funds	176,145,736	-	-	-	176,145,736
	222,889,333	26,792,672	66,043,174	6,038,488	321,763,667

As at March 31, 2017, the company has $279,798,934 (2016 - $255,188,871) in cash and marketable securities that is readily available to be used to meet the cash outflows of the company's financial liabilities.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Price risk

The company is exposed to price risk because of the marketable securities held by the company that are classified as fair value through profit or loss. This company is not exposed to commodity price risk. To manage its price risk arising from marketable security is the company diversifies its portfolio.

(ii) Interest rate risk

The following table sets out the assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the company's interest rate risk position is limited by the fact that borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing date. For example, notes receivable are shown at contractual maturity but could prepay earlier.

	Under 1 year $	Over 1 to 5 years $	Over 5 years $	Not interest rate sensitive $	Total $
Assets					
Cash	22,697,691	-	-	-	22,697,691
Marketable securities	48,776,782	-	-	-	48,776,782
Accounts receivable	-	-	-	1,191,202	1,191,202
Prepaid expenses	-	-	-	42,760	42,760
Inventory	-	-	-	114,947	114,947
Demand loan receivable	6,998,502	-	-	-	6,998,502
Effective interest rate	1.13%				
Note receivable (net of allowance for losses)	26,719,572	81,627,522	20,957,401	1,672,140	130,976,635
Effective interest rate	4.07%	4.24%	2.09%		
Advances to related companies	-	-	-	2,633,938	2,633,938
Investment in private company	-	-	-	1,434,373	1,434,373
Deferred financing costs	-	-	-	1,464,698	1,464,698
Restricted funds	-	-	-	208,324,461	208,324,461
Property and equipment	-	-	-	1,441,186	1,441,186
Investment properties	-	-	-	8,271,472	8,271,472
Total assets	105,192,547	81,627,522	20,957,401	226,591,177	434,368,647
Liabilities and surplus					
Bank indebtedness	100,756	-	-	-	100,756
Accounts payable and accrued liabilities	-	-	-	3,056,153	3,056,153
Note payable	30,448,154	67,352,896	426,723	31,397	98,259,170
Restricted funds	30,738			208,293,723	208,324,461
Effective interest rate	1.86%				
Surplus	-	-	-	124,628,107	124,628,107
Total liabilities and surplus	30,579,648	67,352,896	426,723	336,009,380	434,368,647
Interest rate sensitivity gap	74,612,899	14,274,626	20,530,678	(109,418,203)	-

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

(e) Capital management

The primary objective of Island Investment Development Inc.'s capital management is to ensure that it maintains a healthy financial position in order to support its business. Island Investment Development Inc. manages its capital structure and makes changes to it in light of changes in economic conditions.

Island Investment Development Inc.

Schedule of Property and Equipment

For the year ended March 31, 2017

Schedule

	Cost 2017				Accumulated amortization 2017			2017
	Beginning $	Additions $	Grants Received $	Ending $	Beginning $	Amortization $	Ending $	Net book value $
Land	30,043	-	-	30,043	-	-	-	30,043
Buildings and improvements	713,758	44,819	-	758,577	124,614	24,701	149,315	609,262
Motor vehicles	33,856	16,000	-	49,856	17,363	7,348	24,711	25,145
Paving and water and sewer	47,589	376,689	(209,207)	215,071	47,589	4,147	51,736	163,335
Furniture and equipment	812,817	83,146	-	895,963	184,607	121,281	305,888	590,075
Computer equipment and software	69,790	5,811	-	75,601	43,523	8,752	52,275	23,326
	1,707,853	526,465	(209,207)	2,025,111	417,696	166,229	583,925	1,441,186

	Cost 2016			Accumulated amortization 2016				2016
	Beginning $	Transferred in $	Ending $	Beginning $	Amortization $	Impairment $	Ending $	Net book value $
Land	-	30,043	30,043	-	-	-	-	30,043
Buildings and improvements	-	713,758	713,758	-	30,403	94,211	124,614	589,144
Motor vehicles	-	33,856	33,856	-	8,613	8,750	17,363	16,493
Paving and water and sewer	-	47,589	47,589	-	804	46,785	47,589	-
Furniture and equipment	-	812,817	812,817	-	135,176	49,431	184,607	628,210
Computer equipment and software	-	69,790	69,790	-	16,096	27,427	43,523	26,267
	-	1,707,853	1,707,853	-	191,092	226,604	417,696	1,290,157